

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 594

SPONSOR: Senator Fasano

SUBJECT: Motor Vehicle Insurance

DATE: February 28, 2003 REVISED: 03/06/03 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vickers</u>	<u>Krasovsky</u>	<u>MS</u>	<u>Fav/1 amendment</u>
2.	<u> </u>	<u> </u>	<u>BI</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

This bill revises motor vehicle insurance requirements by providing that an insurer must refund 100 percent of the unearned premium if the canceling individual is a member of the United States Armed Services who cancels because he or she has been called to active duty or transferred to a location where the insurance is not required.

This bill substantially amends section 627.7283 of the Florida Statutes.

II. Present Situation:

Section 627.7283, F.S., establishes requirements governing the cancellation of motor vehicle insurance and the return of unearned premiums. This section provides that if the insured individual cancels a policy, the insurer must mail the unearned portion of any premium paid within 30 days after the effective date of the policy cancellation or receipt of notice or request for cancellation, whichever is later. If the insurer cancels a policy, the unearned portion of any premium must be mailed to the individual within 15 days after the effective date of the policy cancellation.

Subsection (4) provides that if the insured individual cancels the policy, the insurer may retain up to 10 percent of the unearned premium and must refund at least 90 percent of the unearned premium. If the insurer cancels the policy, it is required to refund 100 percent of the unearned premium. Cancellation is without prejudice to any claim originating prior to the effective date of the cancellation.

Section 627.733, F.S., provides that members of the United States Armed Forces who are on active duty outside of the United States in an emergency situation are not required to maintain

Florida motor vehicle insurance. This exemption applies only for the length of time the armed forces member is on active duty outside of the United States. In addition, this section provides for the cancellation of coverage and the return of any unearned premium to eligible military personnel.

III. Effect of Proposed Changes:

This bill amends s. 627.7283, F.S., to provide that an insurer must refund 100 percent of the unearned premium if the insured is a member of the United States Armed Services who cancels because he or she has been called to active duty or transferred to a location where the insurance is not required. The bill effectively increases the portion of the unearned premium that must be refunded from 90 percent to 100 percent for eligible military personnel. The bill also clarifies the requirements s. 627.733, F.S., with regard to military personnel.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill would enable members of the United States Armed Services to recoup the entire amount of the unearned premium for a motor vehicle insurance policy when they are activated or transferred to a location where the insurance is not required.

The bill will require insurers to refund 100 percent of the unearned premium for eligible military personnel. The fiscal impact of the bill on insurers is indeterminate.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Military and Veterans' Affairs, Base Protection, and Spaceports:

Creates a new subsection (5) in s. 627.7283, F.S., to address the cancellation of motor vehicle insurance by certain military personnel.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
